

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 CIAE-00 DODE-00 PM-04 H-02

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FM AMCONSUL QUEBEC

TO SECSTATE WASHDC PRIORITY 751

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E.O. 11652: N/A

TAGS: PINT, CA

SUBJ: PQ CHALLENGES LIBERALS TO DISCUSS FUTURE

BUDGET DEFICIT

1. PQ LEADER RENE LEVESQUE YESTERDAY SAID HE HAS INFORMATION INDICATING QUEBEC BUDGET DEFICIT FOR FISCAL YEAR WILL BE DOUBLE THE 630 MILLION DOLLARS ESTIMATED IN BUDGET UNVEILED BY GOQ LAST MARCH. FINANCE MINISTER GARNEAU ACKNOWLEDGED PROVINCE'S FINANCIAL SITUATION IS "SERIOUS" AND THAT DEFICIT COULD REACH 1 BILLION DOLLARS IN CURRENT FISCAL YEAR. LEVESQUE CHALLENGED BOURASSA TO PUBLISH BUDGET FORECASTS PRIOR TO ELECTION SO THAT QUEBECOIS MAY VOTE ON THE "REAL ISSUE" OF ELECTION. STATEMENT BY PQ LEADER WAS MADE AT NEWS CONFERENCE CALLED TO INTRODUCE LATEST PQ PRESTIGE CANDIDATE, CHAIRMAN OF UNIVERSITY OF MONTREAL ECONOMICS DEPARTMENT, RODRIGUQ TREMBLAY, WHO WILL RUN FOR PQ IN GOUIN CONSTITUENCY IN MONTREAL.

2. TREMBLAY ACCUSED BOURASSA OF CALLING ELECTION TO COVER UP BUDGER CRISIS AND WARNED THAT LIBERAL GOVERNMENT IS UNCLASSIFIED

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"A DANGER TO ECONOMIC FUTURE OF COUNTRY". THIS IS

QUEBEC'S LARGEST BUDGET DEFICIT, TREMBLAY ASSERTED. QUESTION THAT MUST BE ANSWERED IS WHETHER DEFICIT WILL BE FINANCED BY TAX INCREASE OR WILL "MORTGAGE FUTURE GENERATIONS" WITH HEAVY LONG TERM DEBT.

3. GARNEAU CONFIRMED THAT GENEROUS WAGE SETTLEMENTS AWARDED TO GOVERNMENT EMPLOYEES WILL REQUIRE 225 MILLION DOLLAR SUPPLEMENTAL APPROPRIATION AND SPECIAL ASSISTANCE PROGRAM FOR MILK PRODUCERS ANNOUNCED JUST BEFORE ELECTION WILL REQUIRE AN ADDITIONAL 22 MILLION DOLLARS. CONSTRUCTION WORKERS' STRIKE HAS RESULTED, HE SAID, IN AT LEAST 50 MILLION DOLLARS LOSS IN REVENUE TO GOQ.

4. TREMBLAY SAID HE HAS BECOME CONVINCED THAT PROVINCE'S ECONOMIC FUTURE WILL BE WORSE IF QUEBEC REMAINS PART OF CANADA. HE VIEWS PROBLEM FROM PERSPECTIVE OF "COST OF DEPENDENCE ON EXISTING SYSTEM" RATHER THAN FROM VIEW POINT OF ADDITIONAL COSTS OF INDEPENDENCE. LATER, HE SAID, IS PERSPECTIVE OF ECONOMIC COUNCIL OF CANADA PRESIDENT, ANDRE REYNAULD, WHO RECENTLY ANNOUNCED HE WILL RUN AS LIBERAL PARTY CANDIDATE IN OUTREMONT.
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